

CALAMUS WHEATLAND COMMUNITY SCHOOL DISTRICT

INDEPENDENT AUDITOR'S REPORTS,
BASIC FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION
AND SCHEDULE OF FINDINGS

JUNE 30, 2015

CALAMUS WHEATLAND COMMUNITY SCHOOL DISTRICT

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CALAMUS WHEATLAND COMMUNITY SCHOOL DISTRICT

Officials

June 30, 2015

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
Ryan Vander Heiden	Board President	2015
Scott Knudtson	Board Vice President	2017
James Knoche	Board Member	2015
Larry Banowetz	Board Member	2015
Shelley Weiss	Board Member	2017
Matt Boeckmann	Board Member	2017
Kevin Garland	Board Member	2017

School Officials

Lonnie Luepker	Superintendent	2017
Marika Pewe	District Secretary/Treasurer	Indefinite
Lynch Dallas PC	Attorney	2016

Kay L. Chapman, CPA PC

116 Harrison Street
Muscatine, Iowa 52761
563-264-1385
kchapman@cpakay.com

Independent Auditor's Report

To the Board of Education of
Calamus Wheatland Community School District:

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Calamus Wheatland Community School District, Wheatland, Iowa, as of and for the year ended June 30, 2015, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, I express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Calamus Wheatland Community School District as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of Matter

As discussed in Note 16 to the financial statements, Calamus Wheatland Community School District adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27. My opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions and the Schedule of Funding Progress for the Retiree Health Plan on pages 5 through 15 and 50 through 56 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. I have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Calamus Wheatland Community School District's basic financial statements. I previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2014 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 4, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In my opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued my report dated February 18, 2016 on my consideration of Calamus Wheatland Community School District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Calamus Wheatland Community School District's internal control over financial reporting and compliance.

Kay L. Chapman, CPA PC

Kay L. Chapman, CPA PC
February 18, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

Calamus Wheatland Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2015. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2015 FINANCIAL HIGHLIGHTS

- General Fund revenues decreased from \$4,890,956 in fiscal 2014 to \$4,815,944 in fiscal 2015, and General Fund expenditures decreased from \$5,045,287 in fiscal 2014 to \$4,954,797 in fiscal 2015. The district's General Fund balance decreased from \$1,020,248 in fiscal 2014 to \$884,043 in fiscal 2015, a 13% decrease.
- The district showed a decrease in net position of \$2,310,129 during the year ended June 30, 2015 due in large part to the restatement of pension liability in accordance with GASB 68. The district showed an increase in net position of \$199,431 during the year ended June 30, 2015.
- As of June 30, 2015 the District's governmental funds reported combined ending funding balances of \$1,638,494, a decrease of \$75,362 in comparison with 2014. As of June 30, 2014 the District's governmental funds reported combined ending fund balances of \$1,713,855, a decrease of \$3,146 in comparison with 2013. Of the total combined fund balances, \$785,509 represents unassigned fund balance.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Calamus Wheatland Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Calamus Wheatland Community School District's operations in more detail than the government-wide financial statements by providing information about the most significant funds. The remaining financial statements provide information about activities for which Calamus Wheatland Community School District acts solely as an agent or custodian for the benefit of those outside of the District.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year, the District's proportionate share of the net pension liability and related contributions, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Supplementary Information provides detailed information about the nonmajor governmental funds.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

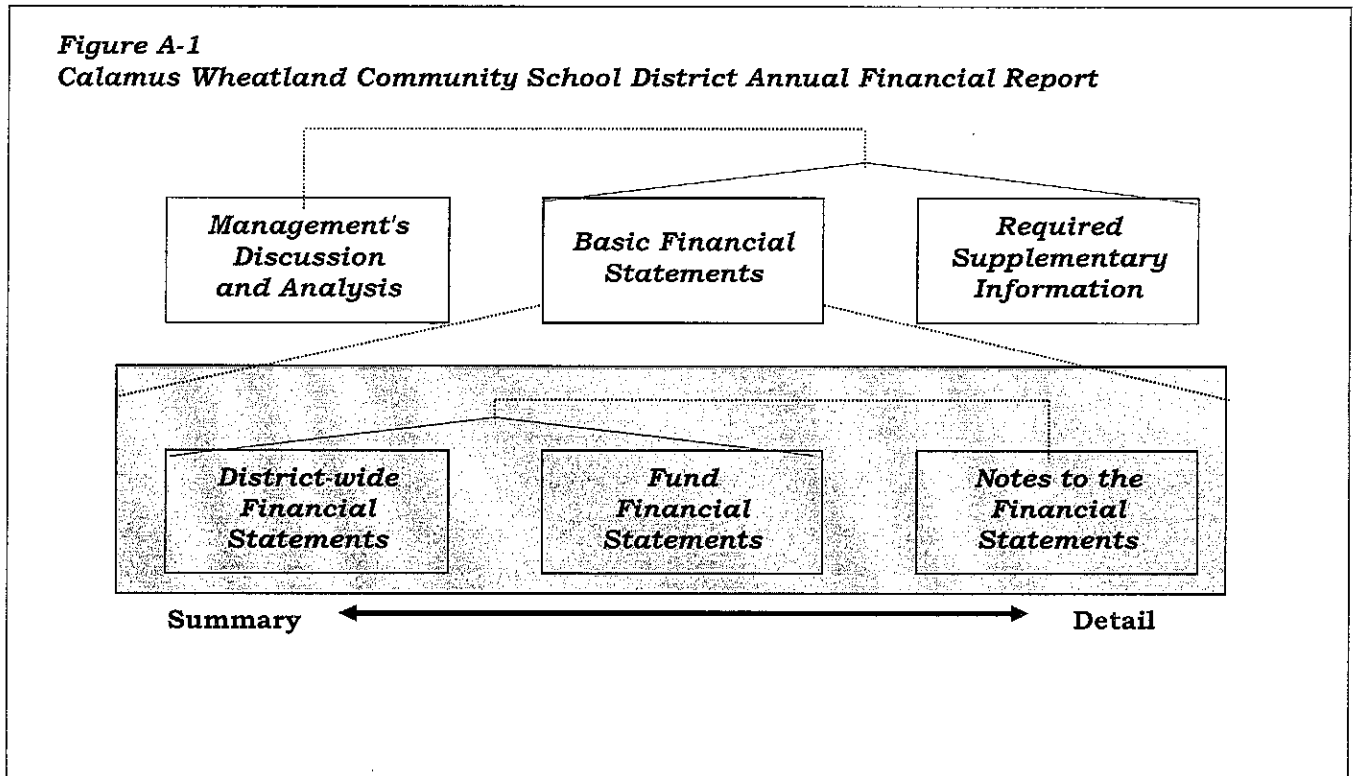


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2

Major Features of the Government-wide and Fund Financial Statements

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services	Instances in which the District administers resources on behalf of someone else, such as scholarship programs
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses and changes in fund net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All position and liabilities, both financial and capital, short-term and long-term	Generally, position expected to be used up and liabilities that come due during the year or soon thereafter; no capital position or long-term liabilities included	All position and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of deferred outflow/inflow information	Consumption/acquisition of net position that is applicable to a future reporting period	Consumption/acquisition of fund balance that is applicable to a future reporting period	Consumption/acquisition of net position that is applicable to a future reporting period	Consumption/acquisition of net position that is applicable to a future reporting period
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector

companies. The Statement of Net Position includes all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net position and how it has changed. Net position is one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net position is an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show that it is properly using certain revenues, such as federal grants.

The District has three kinds of funds:

- 1) *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Funds.

The required financial statements for governmental funds include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

- 2) *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds also account for the District's internal service fund, which is an accounting device used to accumulate and allocate costs internally among the District's various functions. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Fund, one type of proprietary fund, is the same as its business type activities but provides more detail and additional information, such as cash

flows. The District currently has one enterprise fund, the School Nutrition Fund and one internal service fund, the Flex-benefit Fund.

The required financial statements for proprietary funds include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position and a Statement of Cash Flows.

- 3) *Fiduciary fund*: The District is the trustee, or fiduciary, for assets that belong to others. This fund consists of a Private-Purpose Trust Fund.

- Private-Purpose Trust Fund – The District accounts for outside donations for scholarships for individual students in this fund.

The District is responsible for ensuring the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

The required financial statements for fiduciary funds include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position.

Reconciliations between the government-wide financial statements and the governmental fund financial statements follow the governmental fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net position at June 30, 2015 compared to June 30, 2014.

Figure A-3

Condensed Statement of Net Position							
	Governmental		Business type		Total		Total
	Activities		Activities		District		Change
	June 30,		June 30,		June 30,		June 30,
	2015	2014 (Not restated)	2015	2014 (Not restated)	2015	2014 (Not restated)	2014-2015
Current and other assets	\$ 4,802,682	\$ 4,576,545	\$ 14,048	\$ 17,351	\$ 4,816,730	\$ 4,593,896	4.85%
Capital assets	<u>6,059,297</u>	<u>5,938,424</u>	<u>19,818</u>	<u>15,136</u>	<u>6,079,115</u>	<u>5,953,560</u>	2.11%
Total assets	<u>10,861,979</u>	<u>10,514,969</u>	<u>33,866</u>	<u>32,487</u>	<u>10,895,845</u>	<u>10,547,456</u>	3.30%
Deferred outflows of resources	<u>224,449</u>	<u>-</u>	<u>9,958</u>	<u>15,136</u>	<u>234,407</u>	<u>15,136</u>	1448.67%
Long-term liabilities	2,158,711	326,226	29,094	-	2,187,805	326,226	570.64%
Other liabilities	<u>821,284</u>	<u>594,317</u>	<u>14,938</u>	<u>14,502</u>	<u>836,222</u>	<u>608,819</u>	37.35%
Total liabilities	<u>2,979,995</u>	<u>920,543</u>	<u>44,032</u>	<u>14,502</u>	<u>3,024,027</u>	<u>935,045</u>	223.41%
Deferred inflows of resources	<u>2,625,115</u>	<u>1,834,568</u>	<u>13,396</u>	<u>-</u>	<u>2,638,511</u>	<u>1,834,568</u>	43.82%

Net position:

Net investment in							
capital assets	6,059,297	5,938,424	19,818	15,136	6,079,115	5,953,560	2.11%
Restricted	820,798	678,404	-	-	820,798	678,404	20.99%
Unrestricted	<u>(1,398,777)</u>	<u>1,143,030</u>	<u>(33,422)</u>	<u>2,849</u>	<u>(1,432,199)</u>	<u>1,145,879</u>	-224.99%
Total net position	<u>\$ 5,481,318</u>	<u>\$ 7,759,858</u>	<u>\$ (13,604)</u>	<u>\$ 17,985</u>	<u>\$ 5,467,714</u>	<u>\$ 7,777,843</u>	-29.70%

The District's total net position decreased by approximately 30%, or \$2,310,129 from the prior year. The largest portion of the District's net position is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets.

Restricted net position represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased \$142,394, or approximately 21% over the prior year. The increase was due in part to cash balances and decreased expenditures in the Management Fund and Physical Plant and Equipment Levy Fund.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased \$2,578,078, or approximately 225%. This decrease in unrestricted net position was a result of fewer unrestricted state and federal grants and increased expenditures in the General and Nutrition Fund; however, the primary reason for the decrease in unrestricted net position was the implementation of GASB Statement No. 68.

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27 was implemented during fiscal year 2015. The beginning net position as of July 1, 2014 for governmental activities and business type activities were restated by \$2,577,386 and \$39,250, respectively, to retroactively report the net pension liability as of June 30, 2013 and deferred outflows of resources related to contributions made after June 30, 2013 but prior to July 1, 2014. Fiscal year 2013 and 2014 financial statement amounts for net pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources were not restated because the information was not available. In the past, pension expense was the amount of the employer contribution. Current reporting provides a more comprehensive measure of pension expense which is more reflective of the amounts employees earned during the year.

Figure A-4 shows the changes in net position for the year ended June 30, 2015 compared to the year ended June 30, 2014.

Figure A-4

Change in Net Position

	Governmental Activities		Business Type Activities		Total District		Total Change
	2015	2014 (Not restated)	2015	2014 (Not restated)	2015	2014 (Not restated)	2014-2015
Revenues							
Program revenues							
Charges for service	\$ 584,623	\$ 775,645	\$ 136,402	\$ 140,182	\$ 721,025	\$ 915,827	-21.27%
Operating grants	789,169	789,835	107,920	116,094	897,089	905,929	-0.98%
General revenues							
Property tax	1,994,481	2,075,593	-	-	1,994,481	2,075,593	-3.91%
Statewide sales, services & use tax	435,811	395,820	-	-	435,811	395,820	10.10%
Unrestricted state grants	1,924,296	2,025,434	-	-	1,924,296	2,025,434	-4.99%
Contributions and donations	10,856	600	-	-	10,856	600	100.00%
Unrestricted investment earnings	6,664	6,784	16	19	6,680	6,803	-1.81%
Other	13,097	24,594	-	-	13,097	24,594	-46.75%
Capital contribution	-	-	7,997	-	7,997	-	100.00%
Total revenues and special item	<u>5,758,997</u>	<u>6,094,305</u>	<u>252,335</u>	<u>256,295</u>	<u>6,011,332</u>	<u>6,350,600</u>	-5.34%
Program expenses							
Governmental activities							
Instruction	3,490,184	3,755,699	-	-	3,490,184	3,755,699	-7.07%
Support services	1,552,043	1,597,000	-	-	1,552,043	1,597,000	-2.82%
Non-instructional programs	14,723	116,055	244,674	257,210	259,397	373,265	-30.51%
Other expenses	<u>403,201</u>	<u>425,205</u>	<u>-</u>	<u>-</u>	<u>403,201</u>	<u>425,205</u>	-5.17%
Total expenses	<u>5,460,151</u>	<u>5,893,959</u>	<u>244,674</u>	<u>257,210</u>	<u>5,704,825</u>	<u>6,151,169</u>	-7.26%
Increase (decrease) in net position	298,846	200,346	7,661	(915)	306,507	199,431	53.69%
Net position beginning of year, as restated	<u>5,182,472</u>	<u>7,559,512</u>	<u>(21,265)</u>	<u>18,900</u>	<u>5,161,207</u>	<u>7,578,412</u>	-31.90%
Net position end of year	<u>\$ 5,481,318</u>	<u>\$ 7,759,858</u>	<u>\$ (13,604)</u>	<u>\$ 17,985</u>	<u>\$ 5,467,714</u>	<u>\$ 7,777,843</u>	-29.70%

In fiscal year 2015, property and sales tax and unrestricted state grants account for approximately 75% of governmental activities revenue while charges for service and sales and operating grants and contributions account for approximately 96% of business type activities revenue.

The District's total revenues were \$6,011,332 of which \$5,758,997 was for governmental activities and \$252,335 was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 5% decrease in revenues and a 7% decrease in expenses. Statewide sales, services and use tax increased \$39,991 to help fund expenditures. The expenses related to negotiated salary and benefits package as well as increases in expenses for certain special education programs.

Governmental Activities

Revenues for governmental activities were \$5,758,997 and expenses were \$5,460,151 during the year ended June 30, 2015.

The following table presents the total and net cost of the District's major governmental activities, instruction, support services, non-instructional programs and other expenses, for the year ended June 30, 2015 compared to the year ended June 30, 2014.

Figure A-5

Total and Net Cost of Governmental Activities						
	Total Cost of Services			Net Cost of Services		
	2015	2014 (Not restated)	Change 2014-2015	2015	2014 (Not restated)	Change 2014-2015
Instruction	\$ 3,490,184	\$ 3,755,699	-7.1%	\$ 2,310,299	\$ 2,386,257	-3.2%
Support services	1,552,043	1,597,000	-2.8%	1,543,652	1,586,388	-2.7%
Non-instructional programs	14,723	116,055	-87.3%	14,723	116,055	-87.3%
Other expenses	<u>403,201</u>	<u>425,205</u>	<u>-5.2%</u>	<u>217,685</u>	<u>239,779</u>	<u>-9.2%</u>
Total expenses	<u>\$ 5,460,151</u>	<u>\$ 5,893,959</u>	<u>-7.4%</u>	<u>\$ 4,086,359</u>	<u>\$ 4,328,479</u>	<u>-5.6%</u>

For the year ended June 30, 2015:

- The cost financed by users of the District's programs was \$584,623.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$789,169.
- The net cost of governmental activities was financed with \$2,430,292 in property and other taxes and \$1,924,296 in unrestricted state grants.

Business Type Activities

Revenues for business type activities during the year ended June 30, 2015 were \$252,335, representing a 2% decrease from the prior year, while expenses totaled \$244,674, a 5% decrease from the prior year. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

During the year ended June 30, 2015, the District increased meal prices. The District considers meal price increases only when deemed necessary to meet the obligations of the School Nutrition Fund. Salaries and benefits account for 53% of expenditures with 47% for food supplies and other miscellaneous expenditures.

INDIVIDUAL FUND ANALYSIS

As previously noted, Calamus Wheatland Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balances of \$1,638,494, a decrease of approximately 5% from

last year's ending fund balances of \$1,713,856. The primary reason for the decrease in combined fund balances in fiscal 2015 is due to decreased fund balances in the General Fund and Capital Projects Statewide Sales, Services and Use Tax Fund.

Governmental Fund Highlights

- The District's decrease in the General Fund financial position is the product of several factors. The General Fund balance decreased by \$136,205 from a balance of \$1,020,248 in FY14 to \$884,043 in FY15, mainly due to increased salary and benefit packages and special education expenditures.
- The Capital Projects, Statewide Sales, Services and Use Tax Fund balance decreased from \$524,495 in FY14 to \$271,572 in FY15, due to increased expenditures with installing air conditioning in district buildings.

Proprietary Fund Highlights

Enterprise Fund net position increased from \$(21,265) at June 30, 2014 to \$(13,604) at June 30, 2015, representing an increase of approximately 36%. The District reviews this fund annually and makes adjustments to the lunch fees as necessary. The District also reflected the related expenses for the net pension liability, which caused an overall reduction of net position.

BUDGETARY HIGHLIGHTS

Over the course of the year, Calamus Wheatland Community School District amended its annual budget one time to reflect additional expenditures associated with increased costs of operation, professional development related expenditures, and technology purchases not originally budgeted at the time the budget was certified.

The District's revenues were \$156,035 more than budgeted revenues, a variance of approximately 3%. The district practice is to budget conservatively and underestimate revenue when budgeting.

Total expenditures were \$404,084 less than budgeted. It is the District's practice to budget expenditures at a reasonably higher amount but less than the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2015, the District had invested \$6,079,115, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This represents a net decrease of approximately 3% from last year. More detailed information about the District's capital assets is presented in Note 4 to the financial statements. Depreciation expense for the year was \$380,492.

The original cost of the District's capital assets was \$12,285,436. Governmental funds account for \$12,166,310, with the remainder of \$119,126 accounted for in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the furniture and equipment category, which decreased from \$527,594 at 2014 to \$370,783 at 2015 due to annual depreciation expense.

Figure A-6

Capital Assets, Net of Depreciation

	Governmental		Business type		Total		Total
	Activities		Activities		School District		Change
	June 30,		June 30,		June 30,		June 30,
	2015	2014	2015	2014	2015	2014	2014-2015
Land	\$ 260,444	\$ 260,444	\$ -	\$ -	\$ 260,444	\$ 260,444	0.00%
Buildings and improvements	5,261,163	4,952,213	-	-	5,261,163	4,952,213	6.24%
Improvements, other than buildings	186,725	213,309	-	-	186,725	213,309	-12.46%
Furniture and equipment	<u>350,965</u>	<u>512,458</u>	<u>19,818</u>	<u>15,136</u>	<u>370,783</u>	<u>527,594</u>	-29.72%
Totals	<u>\$6,059,297</u>	<u>\$5,938,424</u>	<u>\$19,818</u>	<u>\$15,136</u>	<u>\$6,079,115</u>	<u>\$5,953,560</u>	2.11%

Long-Term Debt

At June 30, 2015, the District had \$2,187,805 in general obligation and other long-term debt outstanding. This represents a decrease of approximately 51% from last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 5 to the financial statements.

The District continues to carry a general obligation bond rating of Aa3 assigned by national rating agencies to the District's debt since 1997. The Constitution of the State of Iowa limits the amount of general obligation debt districts can issue to 5 percent of the assessed value of all taxable property within the District. The District's outstanding general obligation debt is significantly below its constitutional debt limit of approximately \$7.8 million.

Figure A-7

Outstanding Long-term Obligations

	Total		Total
	School District		Change
	June 30,		June 30,
	2015	2014 (restated)	2014-2015
Governmental activities			
Capital lease	\$ -	\$ 100,406	-100.00%
Net pension liability	1,910,554	2,858,887	-33.17%
Early retirement	32,187	48,280	-33.33%
Net OPEB liability	<u>215,970</u>	<u>177,540</u>	21.65%
	2,158,711	3,185,113	-32.22%
Business type activities			
Net pension liability	<u>29,094</u>	<u>43,537</u>	-33.17%
Total	<u>\$ 2,187,805</u>	<u>\$ 3,228,650</u>	-32.24%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances which could significantly affect its financial health in the future:

- Although the District had experienced stable enrollment for the past few years, the District expects a slight decrease in enrollment due to smaller graduating classes and then a decline with several larger graduating classes.
- The District continually evaluates the condition of its vehicle fleet. Due to increased miles on cars, the District will pursue replacing vehicles with funds available in the Physical Plant and Equipment Levy Fund.
- The District negotiates with the Calamus Wheatland Education Association on an annual basis. The negotiated wage and benefit package with health insurance benefits have continued to increase over the past years. Settlements in excess of "new money" or supplemental state aid in state funding will have an adverse effect on the District's General Fund budget and related fund balance. Negotiations with the Calamus Wheatland Education Association were completed for the 2015/16 school year. The certified staff received a 2.539% package increase.
- Continued budget concerns at the state level will likely affect the District in the next several years.
- The District implemented their OPEB benefits as required by GASB Statement No. 45 Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions for the year ended June 30, 2015. The District's net OPEB liability was determined by an actuary to be \$215,970 for FY15.
- The district had a slight increase in certified enrollment which will have a small positive impact on the funding received from the state for the General Fund.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Marika Pewe, District Secretary/Treasurer and Business Manager, Calamus Wheatland Community School District, 110 East Park Road, PO Box 279, Wheatland, Iowa, 52777.

Basic Financial Statements

CALAMUS WHEATLAND COMMUNITY SCHOOL DISTRICT
Statement of Net Position
June 30, 2015

Exhibit A

	Governmental	Business Type	
Assets	Activities	Activities	Total
Cash, cash equivalents and pooled investments	\$ 2,520,896	\$ 9,363	\$2,530,259
Receivables			
Property tax			
Delinquent	18,731	-	18,731
Succeeding year	1,896,490	-	1,896,490
Accounts receivable	1,141	-	1,141
Income surtax	137,447	-	137,447
Due from other governments	227,977	-	227,977
Inventories	-	4,685	4,685
Non-depreciable capital assets	260,444	-	260,444
Capital assets, net of accumulated depreciation	5,798,853	19,818	5,818,671
Total assets	10,861,979	33,866	10,895,845
Deferred Outflows of Resources			
Pension related deferred outflows	224,449	9,958	234,407
Liabilities			
Accounts payable	365,546	-	365,546
Salaries and benefits payable	455,367	14,938	470,305
Due to other governments	371	-	371
Long-term liabilities			
Portion due within one year			
Termination benefits payable	16,093	-	16,093
Portion due after one year			
Termination benefits payable	16,094	-	16,094
Net pension liability	1,910,554	29,094	1,939,648
Net OPEB liability	215,970	-	215,970
Total liabilities	2,979,995	44,032	3,024,027
Deferred Inflows of Resources			
Unavailable property tax revenue	1,896,490	-	1,896,490
Pension related deferred inflows	728,625	13,396	742,021
Total deferred inflows of resources	2,625,115	13,396	2,638,511
Net Position			
Net investment in capital assets	6,059,297	19,818	6,079,115
Restricted for			
Categorical funding	98,534	-	98,534
Management levy purposes	212,578	-	212,578
Physical plant and equipment	178,862	-	178,862
Student activities	59,252	-	59,252
School infrastructure	271,572	-	271,572
Unrestricted	(1,398,777)	(33,422)	(1,432,199)
Total net position	\$ 5,481,318	\$ (13,604)	\$5,467,714

See notes to financial statements.

CALAMUS WHEATLAND COMMUNITY SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2015

Exhibit B

	Program Revenues				Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities
<u>Functions/Programs</u>						
Governmental activities						
Instruction						
Regular instruction	\$ 2,241,945	\$ 493,567	\$ 569,661	\$ -	\$ (1,178,717)	\$ -
Special instruction	633,503	71,331	29,692	-	(532,480)	-
Other instruction	614,736	12,202	3,432	-	(599,102)	-
	3,490,184	577,100	602,785	-	(2,310,299)	-
Support services						
Student	161,543	-	-	-	(161,543)	-
Instructional staff	203,607	-	-	-	(203,607)	-
Administration	428,476	-	-	-	(428,476)	-
Operation and maintenance of plant	441,002	-	-	-	(441,002)	-
Transportation	317,415	7,523	868	-	(309,024)	-
	1,552,043	7,523	868	-	(1,543,652)	-
Non-instructional programs	14,723	-	-	-	(14,723)	-
Other expenses						
Facilities acquisition	11,804	-	-	-	(11,804)	-
Long-term debt interest	227	-	-	-	(227)	-
AEA flowthrough	185,516	-	185,516	-	-	-
Depreciation (unallocated) *	205,654	-	-	-	(205,654)	-
	403,201	-	185,516	-	(217,685)	-
Total governmental activities	5,460,151	584,623	789,169	-	(4,086,359)	-

See notes to financial statements.

Exhibit B

Statement of Activities

For the Year Ended June 30, 2015

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
<u>Functions/Programs (continued)</u>							
Business type activities							
Non-instructional programs	\$ 244,674	\$ 136,402	\$ 107,920	\$ -	\$ -	\$ (352)	\$ (352)
Food service operations	\$ 5,704,825	\$ 721,025	\$ 897,089	\$ -	(4,086,359)	(352)	(4,086,711)
Total							
<u>General Revenues</u>							
Property tax levied for							
General purposes					1,837,214	-	1,837,214
Capital outlay					157,267	-	157,267
Statewide sales, services and use tax					435,811	-	435,811
Unrestricted state grants					1,924,296	-	1,924,296
Contributions and donations					10,856	-	10,856
Unrestricted investment earnings					6,664	16	6,680
Other					13,097	-	13,097
Capital contributions					-	7,997	7,997
Total general revenues and capital contributions					4,385,205	8,013	4,393,218
Change in net position					298,846	7,661	306,507
Net position beginning of year, as restated					5,182,472	(21,265)	5,161,207
Net position end of year					\$ 5,481,318	\$ (13,604)	\$ 5,467,714

* This amount excludes the depreciation included in the direct expenses of the various programs.

See notes to financial statements.

CALAMUS WHEATLAND COMMUNITY SCHOOL DISTRICT

Exhibit C

Balance Sheet
Governmental Funds
June 30, 2015

		Capital Projects Statewide	Sales, Nonmajor Services and Governmental	
Assets	<u>General</u>	<u>Use Tax</u>	<u>Funds</u>	<u>Total</u>
Cash, cash equivalents and pooled investments	\$1,353,255	\$362,454	\$479,370	\$2,195,079
Receivables				
Property tax				
Delinquent	14,577	-	4,154	18,731
Succeeding year	1,535,164	-	361,326	1,896,490
Accounts receivable	923	-	106	1,029
Income surtax	137,447	-	-	137,447
Due from other governments	161,786	66,191	-	227,977
Total assets	<u>\$3,203,152</u>	<u>\$428,645</u>	<u>\$844,956</u>	<u>\$4,476,753</u>
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ 190,760	\$157,073	\$ 751	\$ 348,584
Salaries and benefits payable	455,367	-	-	455,367
Due to other governments	371	-	-	371
Total liabilities	<u>646,498</u>	<u>157,073</u>	<u>751</u>	<u>804,322</u>
Deferred inflows of resources				
Unavailable revenue				
Succeeding year property tax	1,535,164	-	361,326	1,896,490
Income surtax	137,447	-	-	137,447
Total deferred inflows of resources	<u>1,672,611</u>	<u>-</u>	<u>361,326</u>	<u>2,033,937</u>
Fund balances				
Restricted for				
Categorical funding	98,534	-	-	98,534
Student activities	-	-	59,252	59,252
Management levy purposes	-	-	244,765	244,765
Physical plant and equipment	-	-	178,862	178,862
School infrastructure	-	271,572	-	271,572
Unassigned	785,509	-	-	785,509
Total fund balances	<u>884,043</u>	<u>271,572</u>	<u>482,879</u>	<u>1,638,494</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$3,203,152</u>	<u>\$428,645</u>	<u>\$844,956</u>	<u>\$4,476,753</u>

See notes to financial statements.

CALAMUS WHEATLAND COMMUNITY SCHOOL DISTRICT
Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Position
June 30, 2015

Exhibit D

Total fund balances of governmental funds	\$1,638,494
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	6,059,297
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Other long-term assets are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds.	137,447
--	---------

The Internal Service Fund is used by the District to charge the costs of the flex-benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in the governmental activities in the Statement of Net Assets.	308,967
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Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds as follows:

Deferred outflows of resources	\$224,449	
Deferred inflows of resources	<u>(728,625)</u>	(504,176)

Long-term liabilities, including bonds payable, capital leases payable and other postemployment benefits payable and net pension liability, are not due and payable in the current year and, therefore, are not reported as liabilities in the governmental funds.	<u>(2,158,711)</u>
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Net position of governmental activities	<u>\$5,481,318</u>
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CALAMUS WHEATLAND COMMUNITY SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2015

Exhibit E

		Capital Projects Statewide Sales, Services and	Nonmajor Governmental	
Revenues	<u>General</u>	<u>Use Tax</u>	<u>Funds</u>	<u>Total</u>
Local sources				
Local tax	\$1,585,143		\$407,894	\$1,993,037
Tuition	437,549	-	-	437,549
Other	63,997	1,362	110,880	176,239
State sources	2,574,498	435,811	-	3,010,309
Federal sources	154,757	-	-	154,757
Total revenues	<u>4,815,944</u>	<u>437,173</u>	<u>518,774</u>	<u>5,771,891</u>
Expenditures				
Current				
Instruction				
Regular	2,208,300	4,303	27,562	2,240,165
Special	650,651	-	-	650,651
Other	541,973	-	89,403	631,376
	<u>3,400,924</u>	<u>4,303</u>	<u>116,965</u>	<u>3,522,192</u>
Support services				
Student	166,026	-	653	166,679
Instructional staff	149,423	58,230	218	207,871
Administration	433,089	-	7,153	440,242
Operation and maintenance of plant	378,935	2,541	74,766	456,242
Transportation	240,884	-	18,302	259,186
	<u>1,368,357</u>	<u>60,771</u>	<u>101,092</u>	<u>1,530,220</u>
Non-instructional programs	-	-	14,723	14,723
Other expenditures				
Facilities acquisition	-	491,942	3,024	494,966
Long-term debt				
Principal	-	-	100,406	100,406
Interest and fiscal charges	-	-	679	679
AEA flowthrough	185,516	-	-	185,516
	<u>185,516</u>	<u>491,942</u>	<u>104,109</u>	<u>781,567</u>
Total expenditures	<u>4,954,797</u>	<u>557,016</u>	<u>336,889</u>	<u>5,848,702</u>

See notes to financial statements.

CALAMUS WHEATLAND COMMUNITY SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2015

Exhibit E

	<u>General</u>	<u>Capital Projects Statewide Sales, Services and Use Tax</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Excess (deficiency) of revenues over (under) expenditures	\$ (138,853)	\$(119,843)	\$181,885	\$ (76,811)
Other financing sources (uses)				
Sale of equipment and materials	1,449	-	-	1,449
Interfund operating transfers in	1,199	-	133,080	134,279
Interfund operating transfers (out)	<u>-</u>	<u>(133,080)</u>	<u>(1,199)</u>	<u>(134,279)</u>
Total other financing sources (uses)	<u>2,648</u>	<u>(133,080)</u>	<u>131,881</u>	<u>1,449</u>
Change in fund balances	(136,205)	(252,923)	313,766	(75,362)
Fund balance, beginning of year	<u>1,020,248</u>	<u>524,495</u>	<u>169,113</u>	<u>1,713,856</u>
Fund balance, end of year	<u>\$ 884,043</u>	<u>\$ 271,572</u>	<u>\$482,879</u>	<u>\$1,638,494</u>

See notes to financial statements.

CALAMUS WHEATLAND COMMUNITY SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2015

Exhibit F

Change in fund balances - total governmental funds \$ (75,362)

**Amounts reported for governmental activities in the Statement of Activities
are different because:**

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures and depreciation expense in the current year, are as follows:

Expenditures for capital assets	\$498,050	
Depreciation expense	<u>(377,177)</u>	120,873

Certain revenues not collected for several months after year-end are not considered available revenue and are recognized as deferred inflows of resources in the governmental funds. (14,343)

The Internal Service Fund is used by the District to charge the costs of the flex-benefit plan to individual funds. The change in net position of the Internal Service Fund is reported with governmental activities. 26,501

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 100,406

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds, as follows:

Termination benefits	16,093	
Pension expense	(107,717)	
Other postemployment benefits	<u>(38,430)</u>	(130,054)

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the governmental funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. 452

The current year District employer share of IPERS contributions are reported as expenditures in the governmental funds, but are reported as a deferred outflow of resources in the Statement of Net Position. 270,373

Change in net position of governmental activities \$298,846

See notes to financial statements.

CALAMUS WHEATLAND COMMUNITY SCHOOL DISTRICT
Statement of Net Position
Proprietary Funds
June 30, 2015

Exhibit G

	Business Type <u>Activity</u> Nonmajor Enterprise School <u>Nutrition</u>	Governmental <u>Activity</u> Internal <u>Service</u>
Assets		
Current assets		
Cash, cash equivalents	\$ 9,363	\$325,817
Accounts receivable	-	112
Inventories	<u>4,685</u>	<u>-</u>
Total current assets	14,048	325,929
Noncurrent assets		
Capital assets, net of accumulated depreciation	<u>19,818</u>	<u>-</u>
Total assets	<u>33,866</u>	<u>325,929</u>
Deferred Outflows of Resources		
Pension related deferred outflows	<u>9,958</u>	<u>-</u>
Liabilities		
Current liabilities		
Salaries and benefits payable	14,938	-
Incurred but not reported claims	<u>-</u>	<u>16,962</u>
Total current liabilities	14,938	16,962
Noncurrent liabilities		
Net pension liability	<u>29,094</u>	<u>-</u>
Total liabilities	<u>44,032</u>	<u>16,962</u>
Deferred Inflows of Resources		
Pension related deferred inflows	<u>13,396</u>	<u>-</u>
Net Position		
Invested in capital assets	19,818	-
Unrestricted	<u>(33,422)</u>	<u>308,967</u>
Total net position	<u>\$ (13,604)</u>	<u>\$308,967</u>

See notes to financial statements.

CALAMUS WHEATLAND COMMUNITY SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2015

Exhibit H

	Business Type <u>Activity</u> Nonmajor <u>Enterprise</u> School <u>Nutrition</u>	Governmental <u>Activity</u> Internal <u>Service</u>
Operating revenue		
Local sources		
Charges for service	\$ 136,402	\$ -
Employee contributions	-	141,713
Total operating revenue	<u>136,402</u>	<u>141,713</u>
Operating expenses		
Current		
Support services		
Operation and maintenance of plant	<u>3,251</u>	<u>-</u>
Non-instructional programs		
Food service operations		
Salaries and benefits	93,753	-
Benefits	35,983	-
Purchased services	500	-
Supplies	107,499	-
Miscellaneous	373	-
Depreciation	3,315	-
Insurance operations		
Purchased services	-	115,212
Total non-instructional programs	<u>241,423</u>	<u>115,212</u>
Total operating expenses	<u>244,674</u>	<u>115,212</u>
Operating income (loss)	<u>(108,272)</u>	<u>26,501</u>
Non-operating revenues		
Interest income	16	-
State sources	2,062	-
Federal sources	105,858	-
Total non-operating revenues	<u>107,936</u>	<u>-</u>
Change in net position before capital contributions	<u>(336)</u>	26,501
Capital contributions	<u>7,997</u>	<u>-</u>
Change in net position	7,661	26,501
Net position beginning of year, as restated	<u>(21,265)</u>	282,466
Net position end of year	<u>\$ (13,604)</u>	<u>\$ 308,967</u>

See notes to financial statements.

CALAMUS WHEATLAND COMMUNITY SCHOOL DISTRICT

Exhibit I

Statement of Cash Flows

Proprietary Funds

For the Year Ended June 30, 2015

	Business Type <u>Activity</u> Nonmajor <u>Enterprise</u> School <u>Nutrition</u>	Governmental <u>Activity</u> Internal <u>Service</u>
Cash flows from operating activities		
Cash received from sale of services	\$ 136,402	\$ -
Cash received from other operations	-	141,697
Cash payments to employees for services	(136,018)	-
Cash payments to suppliers for goods and services	<u>(96,711)</u>	<u>(114,034)</u>
Net cash provided by (used in) operating activities	<u>(96,327)</u>	<u>27,663</u>
Cash flows from non-capital financing activities		
State grants received	2,062	-
Federal grants received	<u>88,489</u>	<u>-</u>
Net cash provided by non-capital financing activities	<u>90,551</u>	<u>-</u>
Cash flows from capital and related financing activities		
Cash flows from investing activities		
Interest on investments	<u>16</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(5,760)	27,663
Cash and cash equivalents, beginning of year	<u>15,123</u>	<u>298,154</u>
Cash and cash equivalents, end of year	<u>\$ 9,363</u>	<u>\$325,817</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities		
Operating income (loss)	\$ (108,272)	\$ 26,501
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Depreciation	3,315	-
Commodities used	17,369	-
(Increase) in accounts receivable	-	(16)
(Increase) in inventory	(2,458)	-
Increase in incurred but not reported claims	-	1,178
(Decrease) in net pension liability	(14,442)	-
(Increase) in deferred outflows of resources	(5,671)	-
Increase in deferred inflows of resources	13,396	-
Increase in accrued salaries and benefits	436	-
Net cash provided by (used in) operating activities	<u>\$ (96,327)</u>	<u>\$ 27,663</u>

Non-cash investing, capital and related financing activities.

During the year ended June 30, 2015, the District received \$17,369 of federal commodities.

See notes to financial statements.

CALAMUS WHEATLAND COMMUNITY SCHOOL DISTRICT
Statement of Fiduciary Net Position
Fiduciary Fund
June 30, 2015

Exhibit J

	Private Purpose Trust <u>Scholarships</u>
Assets	
Cash, cash equivalents and pooled investments	\$ 123,500
Accounts receivable	<u>2,458</u>
Total assets	125,958
Liabilities	<u>-</u>
Net position	
Reserved for scholarships	<u>\$ 125,958</u>

See notes to financial statements.

CALAMUS WHEATLAND COMMUNITY SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Year Ended June 30, 2015

Exhibit K

	Private Purpose Trust <u>Scholarships</u>
Additions	
Local sources	
Interest	\$ 2,460
Deductions	
Instruction, regular	
Scholarships	<u>2,443</u>
Change in net position	17
Net position beginning of year	<u>125,941</u>
Net position end of year	<u>\$125,958</u>

See notes to financial statements.

CALAMUS WHEATLAND COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2015

Note 1. Summary of Significant Accounting Policies

The Calamus Wheatland Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. The geographic area served includes the Cities of Calamus and Wheatland, Iowa, and the agricultural territory in Clinton and Scott Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Calamus Wheatland Community School District has included all funds, organizations, agencies, boards, commissions, and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. The Calamus Wheatland Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the County Assessor's Conference Board.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Position presents the District's nonfiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories:

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt attributed to the acquisition, construction or improvement of those assets.

Restricted net position results when constraints placed on net position use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Capital Projects Statewide Sales, Services and Use Tax Fund is used to account for all resources used in the acquisition and construction of capital facilities and other capital assets from the revenue of the Statewide Sales, Services and Use Tax.

The District reports no major proprietary funds. However, the District reports two nonmajor proprietary funds; the enterprise, School Nutrition Fund, which is used to account for the food service operations of the District and one internal service fund, which is utilized for employee health insurance benefits.

The District also reports a fiduciary fund which focuses on net position and changes in net position. The District's fiduciary fund consists of the following:

The Private Purpose Trust Fund is used to account for assets held by the District under trust agreements which require income earned to be used to benefit individuals through scholarship awards.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, termination benefits, and claims and judgments are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund is charges to customers for sales and services. Operating expenses for the Enterprise Fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Cash Equivalents and Pooled Investments - The cash balances of most District funds are pooled and invested. Investments are stated at fair value, except for the investment in the Iowa Schools Joint Investment Trust, which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

The Iowa Schools Joint Investment Trust is a common law trust established under Iowa law and is administered by an appointed investment management company. The fair value of the position in the trust is the same as the value of the shares.

For purposes of the Statement of Cash Flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable - Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½ % per month penalty for delinquent payments; is based on January 1, 2013 assessed property valuations; is for the tax accrual period July 1, 2014 through June 30, 2015 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2014.

Due From Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets - Capital assets, which include property, furniture and equipment reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Land	\$ 2,500
Buildings	\$ 2,500
Improvements other than buildings	\$ 2,500
Intangibles	\$50,000
Furniture and equipment:	
School Nutrition Fund equipment	\$ 500
Other furniture and equipment	\$ 2,500

Capital assets are depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Useful Life</u>
Buildings	50 years
Improvements other than buildings	20 years
Intangibles	5-10 years
Furniture and equipment	5-12 years

Deferred Outflows of Resources - Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the employer's reporting period.

Salaries and Benefits Payable - Payroll and related expenses for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities. Also, wages for hourly employees earned in June and paid in July have been accrued as liabilities. The rate in effect at June 30, 2015 was used to calculate the salaries payable.

Deferred Inflows of Resources - Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of unspent federal grant proceeds, as well as property tax receivable, and income surtax receivables not collected within sixty days after year end.

Deferred inflows of resources on the Statement of Net Position consist of succeeding year property tax receivables that will not be recognized as revenue until the year for which it is levied and the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

Long-term Liabilities - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Position.

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Fund Balances - In the governmental fund financial statements, fund balances are classified as follows:

Restricted - Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Committed - Amounts which can be used only for specific purposes determined pursuant to constraints formally imposed by the Board of Education through resolution approved prior to year end. Those committed amounts cannot be used for any other purpose unless

the Board of Education removes or changes the specified use by taking the same action it employed to commit those amounts.

Unassigned - All amounts not included in the preceding classifications.

Net Position - In the district-wide Statement of Net Position, net position is reported as restricted when constraints placed on net position use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Net position restricted through enabling legislation includes \$212,578 for management levy purposes, \$178,862 for physical plant and equipment, and \$59,252 for student activities and \$271,572 for school infrastructure.

E. Budgeting and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

F. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note 2. Cash, Cash Equivalents and Pooled Investments

The District's deposits in banks at June 30, 2015 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2015, the District had investments in the Iowa Schools Joint Investment Trust Diversified Portfolio which are valued at an amortized cost of less than \$1 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Schools Joint Investment Trust was rated AAAM by Standard & Poor's Financial Services.

Note 3. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2015 is as follows:

<u>Transfer To</u>	<u>Transfer From</u>	<u>Amount</u>
Nonmajor governmental	Major governmental	
Debt Service	Local Sales, Service and Use Tax	\$ 133,080
	Nonmajor governmental	
General	Student Activities	<u>1,199</u>
		<u>\$ 134,279</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources. The transfers from the Local Sales, Services and Use Tax Fund to the Debt Service Fund were to move resources from debt issuance to pay principal and interest on debt. The transfer from the Special Revenue, Student Activities Fund to the General Fund was to correct a coding error.

Note 4. Capital Assets

Capital assets activity for the year ended June 30, 2015 was as follows:

	<u>Balance, Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, End of Year</u>
<u>Governmental activities</u>				
Capital assets not being depreciated:				
Land	<u>\$ 260,444</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 260,444</u>
Capital assets being depreciated:				
Buildings and improvements	8,634,101	486,317	-	9,120,418
Improvements other than buildings	664,331	-	-	664,331
Furniture and equipment	<u>2,109,384</u>	<u>11,733</u>	<u>-</u>	<u>2,121,117</u>
Total capital assets being depreciated	<u>11,407,816</u>	<u>498,050</u>	<u>-</u>	<u>11,905,866</u>
Less accumulated depreciation for:				
Buildings and improvements	3,681,888	177,367	-	3,859,255
Improvements other than buildings	451,022	26,584	-	477,606
Furniture and equipment	<u>1,596,926</u>	<u>173,226</u>	<u>-</u>	<u>1,770,152</u>
Total accumulated depreciation	<u>5,729,836</u>	<u>377,177</u>	<u>-</u>	<u>6,107,013</u>
Total capital assets being depreciated, net	<u>5,677,980</u>	<u>120,873</u>	<u>-</u>	<u>5,798,853</u>
Governmental activities capital assets, net	<u>\$ 5,938,424</u>	<u>\$ 120,873</u>	<u>\$ -</u>	<u>\$ 6,059,297</u>

Business type activities

Furniture and equipment	\$ 111,129	\$ 7,997	\$ -	\$ 119,126
Less accumulated depreciation	<u>95,993</u>	<u>3,315</u>	<u>-</u>	<u>99,308</u>
Business type activities capital assets, net	<u>\$ 15,136</u>	<u>\$ 4,682</u>	<u>\$ -</u>	<u>\$ 19,818</u>

Depreciation expense was charged to the following functions:

Governmental activities

Instruction	
Regular	\$ 106,586
Support services	
Operation and maintenance of plant	2,208
Transportation	<u>62,729</u>
	171,523
Unallocated depreciation	<u>205,654</u>
Total governmental activities depreciation expense	<u>\$ 377,177</u>

Business type activities

Food service operations	<u>\$ 3,315</u>
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Note 5. Long-term Liabilities

Changes in long-term liabilities for the year ended June 30, 2015 are summarized as follows:

	Balance, Beginning of Year	Additions	Reductions	Balance, End of Year	Due Within One Year
Governmental activities					
General obligation bonds	\$ -	\$ -	\$ -	\$ -	\$ -
Capital lease	100,406	-	100,406	-	-
Net pension liability	2,858,887	-	948,333	1,910,554	-
Net OPEB liability	177,540	46,997	8,567	215,970	-
Early retirement	<u>48,280</u>	<u>-</u>	<u>16,093</u>	<u>32,187</u>	<u>16,093</u>
Totals	<u>\$ 3,185,113</u>	<u>\$ 46,997</u>	<u>\$ 1,073,399</u>	<u>\$ 2,158,711</u>	<u>\$ 16,093</u>
Business type activities					
Net pension liability	<u>\$ 43,537</u>	<u>\$ -</u>	<u>\$ 14,443</u>	<u>\$ 29,094</u>	<u>\$ -</u>

Interest costs incurred and charged to expense on all long-term debt was \$227 for the year ended June 30, 2015. During the year ended June 30, 2015, the District made principal payments on total long-term debt of \$100,406.

Termination Benefits

The District offers a voluntary early retirement plan to its certified employees. Eligible employees are required to be at least 55 years of age and have completed 15 years of consecutive service to the District. Employees must have completed an application, which is required to be approved by the Board of Education. The early retirement incentive for each eligible employee is equal to one-half of the employee's current base salary for the year in which he/she applies to participate in the early retirement plan plus an additional supplemental cash incentive of \$7,500. The retiree receives the early retirement benefits in three equal payments with the first payment being made on January 20th in the calendar year following the year in which the employee is approved for early retirement. On January 20th of each of the three years following the employee's retirement, the annual benefits will be sent to a non-elective 403(b) special deferral plan on behalf of the employee. Upon request from the employee distributions will be made from the plan.

At June 30, 2015, the District had obligations to two participants with a total liability of \$32,187. There were \$16,093 of actual early retirement expenditures for the year ended June 30, 2015.

Note 6. Pension Plan

Plan Description - IPERS membership is mandatory for employees of the District, except for those covered by another retirement system. Employees of the District are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code Chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits - A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, anytime after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier (based on years of service).

- The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.)

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25 percent for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50 percent for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits - A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions - Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actual contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2015, pursuant to the required rate, Regular members contributed 5.95 percent of pay and the District contributed 8.93 percent for a total rate of 14.88 percent.

The District's contributions to IPERS for the year ended June 30, 2015 were \$281,031.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2015, the District reported a liability of \$1,939,648 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the District's proportion was 0.047927 percent, which was an increase of 0.000198 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$109,358. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 21,080	\$ -
Changes of assumptions	85,600	-
Net difference between projected and actual earnings on pension plan investments	-	742,021
Changes in proportion and differences between District contributions and proportionate share of contributions	(153,304)	-
District contributions subsequent to the measurement date	<u>281,031</u>	-
Total	<u>\$ 234,407</u>	<u>\$ 742,021</u>

\$281,031 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended <u>June 30,</u>	
2016	\$ (196,398)
2017	(196,398)
2018	(196,398)
2019	(196,398)
2020	<u>(3,053)</u>
Total	<u>\$ (788,645)</u>

There were no non-employer contributing entities at IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of Inflation (effective June 30, 2014)	3.00 percent per annum
Rates of salary increase (effective June 30, 2014)	4.00 to 17.00 percent, average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50 percent, compounded annually, net of pension plan investment expense, including inflation

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	23%	6.31
Non US Equity	15	6.76
Private Equity	13	11.34
Real Estate	8	3.52
Core Plus Fixed Income	28	2.06
Credit Opportunities	5	3.67
TIPS	5	1.92
Other Real Assets	2	6.27
Cash	1	(0.69)
Total	<u>100%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the District will be made at contractually required rates, actuarially determined. Based on those

assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1- percentage-point lower (6.5 percent) or 1-percentage point higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
District's proportionate share of the net pension liability	\$3,664,887	\$1,939,648	\$483,345

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued IPERS financial report which is available on IPER's website at www.ipers.org.

Payables to the Pension Plan - At June 30, 2015, the District reported payables to the defined benefit pension plan of \$35,907 for legally required employer contributions and \$28,925 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

Note 7. Risk Management

The District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 8. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media, and educational services provided through the Area Education Agency. The District's actual amount for this purpose totaled \$185,516 for the year ended June 30, 2015 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

Note 9. Deficit Fund Balance

The District had negative unrestricted net position and total net position of \$33,422 and \$13,604, respectively in the School Nutrition Fund and business type activities at June 30, 2015. The District's unrestricted net position for governmental activities was also negative \$1,398,777 at June 30, 2015.

Note 10. Self-funded Health Insurance

The District utilizes a partial self-funded/partial fully funded plan. This is a combination of a low self-funded single of \$300/\$600 and family \$600/\$900 and a high fully funded plan through Wellmark of single \$1,500/\$3,000 and family \$4,500/\$9,000. Payments to Wellmark are made for its premium and deposits into the Internal Service Fund are made monthly for the self-funded portion. The self-fund plan (Internal Service Fund) deposits and the independent administrator funds/pays for the claim exposure between the two or \$2,400 for single and \$8,100 for family. After the total exposure has been maximized, the fully-funded carrier pays 100%. The District estimates that 25% of those covered will reach full maximum exposure.

At June 30, 2015, the District had accumulated an excess of \$308,967 in its Internal Service Fund to cover employee health care claims. Also, the District continues to fund this plan by depositing premiums into the account on a monthly basis. The District's deposits into this fund have exceeded claims paid from the fund during the years ended June 30, 2015, 2014, 2013, 2012, 2011 and 2010. All submitted claims had been paid or accrued at June 30, 2015. The District does not expect claims to exceed monies available in the fund during the year ending June 30, 2016. The District is contingently liable for any claims in excess of funds available at June 30, 2015.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an estimated amount for claims that have been incurred but not reported (IBNR) which represent estimates of the eventual loss on claims arising prior to year-end. Claims liabilities are reported in the financial statements in other current liabilities. Changes in the balances of claims liabilities during the past two fiscal years are as follows:

	Year Ended June 30,	
	2015	2014
Unpaid claims, beginning of year	\$ 15,784	\$ -
Current year claims and changes in estimates	141,713	141,279
Claim payments	<u>(140,535)</u>	<u>(125,495)</u>
Unpaid claims, end of year	<u>\$ 16,962</u>	<u>\$ 15,784</u>

Note 11. Contingencies

Grant Funding - The District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants were subjected to local audit but still remain open to audit by the appropriate grantor government. If expenditures are disallowed by the grantor government due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. As of June 30, 2015, significant amounts of grant expenditures have not been audited by granting authorities but the District believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

Insurance Plan - As discussed in Note 11, the District is contingently liable for any unreported claim or assessment in excess of their balance in the Internal Service Insurance Fund.

Note 12. Other Postemployment Benefits (OPEB)

Plan Description - The District operates a single-employer health benefit plan which provides medical and prescription drug benefits for employees, retirees and their spouses. There are 200 active and 12 retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Funding Policy - The contribution requirements of the plan members are established and may be amended by the District. The District currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation - The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding which, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2015, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 42,558
Interest on net OPEB obligation	4,439
Adjustment to annual required contribution	<u>(8,567)</u>
Annual OPEB cost	38,430

Contributions made	-
Increase in net OPEB obligation	38,430
Net OPEB obligation beginning of year	177,540
Net OPEB obligation end of year	<u>\$ 215,970</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2015.

For the year ended June 30, 2015, the District contributed nothing to the medical plan. Plan members eligible for benefits contributed none of the premium costs.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2015 are summarized as follows:

<u>Year Ended June 30,</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2013	\$ 42,450	0.0%	\$ 142,618
2014	34,922	0.0%	177,540
2015	38,430	0.0%	215,970

Funded Status and Funding Progress - As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015, the actuarial accrued liability was \$283,536, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of approximately \$283,536. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$3.1 million and the ratio of UAAL to covered payroll was 9.2%. As of June 30, 2015, there were no trust fund assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress for the Retiree Health Plan, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan

members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of July 1, 2012 actuarial valuation date, the frozen entry age actuarial cost method was used. The actuarial assumptions include a 5% discount rate based on the District's funding policy. The projected annual medical trend rate is 11%. The ultimate medical trend rate is 6%. The medical trend rate is reduced 0.5% each year until reaching the 6% ultimate trend rate. An inflation rate of 0% is assumed for the purpose of this computation.

Mortality rates are from the 94 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2011 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2011.

The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

Note 13. Related Party Transactions

During the year ended June 30, 2015, the District entered into business transactions totaling \$13,965 with RPJ Enterprises, a company partly owned by Board Member Ryan Vander Heiden. The transactions were for bus maintenance and repairs.

Note 14. Categorical Funding

The District's restricted fund balance for categorical funding at June 30, 2015 is comprised of the following programs:

<u>Program</u>	
Home school assistance program	\$ 8,570
At-risk	7,087
Teacher salary supplement	2,049
Statewide voluntary preschool	36,408
Early literacy grant	22,749
Educator quality, professional development	15,083
Teacher leadership grant	6,588
	<u>\$ 98,534</u>

Note 15. Subsequent Event

In August of 2015, the District entered a capital lease for student computers.

Note 16. Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 68, Accounting and financial Reporting for Pensions - an Amendment of GASB No. 27 was implemented during fiscal year 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, GASB No. 68 requires a state or local government employer to recognize a net pension liability and changes in the net pension liability, deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources will not be reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension liability which is required to be reported by Governmental Accounting Standards Board Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Beginning net position for governmental and business type activities were restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date, as follows:

	Governmental Activities	Business type Activities
Net position June 30, 2014, as previously reported	\$ 7,759,858	\$ 17,985
Net pension liability at June 30, 2014	(2,858,887)	(43,537)
Deferred outflows of resources related to contributions made after the June 30, 2013 measurement date	281,501	4,287
Net position July 1, 2014, as restated	<u>\$ 5,182,472</u>	<u>\$ (21,265)</u>

Required Supplementary Information

CALAMUS WHEATLAND COMMUNITY SCHOOL DISTRICT

Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances - Budget and Actual
All Governmental Funds and Enterprise Fund
Required Supplementary Information
For the Year Ended June 30, 2015

	Governmental Funds	Enterprise Fund	Total	Budgeted Amounts	Final to Actual Variance
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Original</u> <u>Final</u>	
Revenues					
Local sources	\$2,606,825	\$136,418	\$2,743,243	\$3,058,247	\$ (315,004)
State sources	3,010,309	2,062	3,012,371	2,633,602	378,769
Federal sources	154,757	105,858	260,615	168,345	92,270
Total revenues	<u>5,771,891</u>	<u>244,338</u>	<u>6,016,229</u>	<u>5,860,194</u>	<u>156,035</u>
Expenditures/Expenses					
Instruction	3,522,192	-	3,522,192	3,709,740	187,548
Support services	1,530,220	3,251	1,533,471	1,493,397	66,529
Non-instructional programs	14,723	241,423	256,146	257,300	18,854
Other expenditures	781,567	-	781,567	912,720	131,153
Total expenditures/expenses	<u>5,848,702</u>	<u>244,674</u>	<u>6,093,376</u>	<u>6,373,157</u>	<u>404,084</u>
(Deficiency) of revenues					
(under) expenditures/expenses	(76,811)	(336)	(77,147)	(512,963)	560,119
Net other financing sources	<u>1,449</u>	<u>7,997</u>	<u>9,446</u>	<u>-</u>	<u>9,446</u>
Change in fund balance					
Balance, beginning of year, as restated	(75,362)	7,661	(67,701)	(512,963)	569,565
Balance, end of year	<u>1,713,856</u>	<u>(21,265)</u>	<u>1,692,591</u>	<u>1,375,756</u>	<u>316,835</u>
	<u>\$1,638,494</u>	<u>\$ (13,604)</u>	<u>\$1,624,890</u>	<u>\$ 862,793</u>	<u>\$ 886,400</u>

See accompanying Independent Auditor's Report.

CALAMUS WHEATLAND COMMUNITY SCHOOL DISTRICT
Notes to Required Supplementary Information – Budgetary Reporting
For the Year Ended June 30, 2015

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private Purpose Trust and Internal Service Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures/expenses known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment increasing budgeted expenditures by \$124,303.

CALAMUS WHEATLAND COMMUNITY SCHOOL DISTRICT
 Schedule of the District's Proportionate Share of the Net Pension Liability
 Iowa Public Employees' Retirement System
 Last Fiscal Year*
 Required Supplementary Information

	<u>2015</u>
District's proportion of the net pension liability	0.047927 %
District's proportionate share of the net pension liability	\$ 1,939,648
District's covered-employee payroll	\$ 3,147,044
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	61.63%
Plan fiduciary net position as a percetnage of the total pension liability	87.61%

*The amounts preseneted for each fiscal year were determined as of June 30.

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

CALAMUS-WHEATLAND COMMUNITY SCHOOL DISTRICT

Schedule of District Contributions

Iowa Public Employees' Retirement System

Last 10 Fiscal Years

Required Supplementary Information

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Statutorily required contributions	\$ 281,031	\$ 285,788	\$ 267,639	\$ 250,995	\$ 182,609	\$ 207,361	\$ 191,209	\$ 174,858	\$ 153,315	\$ 146,201
Contributions in relation to the statutorily required contribution	<u>(281,031)</u>	<u>(285,788)</u>	<u>(267,639)</u>	<u>(250,995)</u>	<u>(182,609)</u>	<u>(207,361)</u>	<u>(191,209)</u>	<u>(174,858)</u>	<u>(153,315)</u>	<u>(146,201)</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$3,147,044	\$3,200,314	\$3,086,955	\$3,110,223	\$2,627,468	\$3,118,211	\$3,011,165	\$2,890,215	\$2,666,348	\$2,542,626
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.67%	8.07%	6.95%	6.65%	6.35%	6.05%	5.75%	5.75%

See accompanying Independent Auditor's Report.

Calamus Wheatland Community School District
Notes to Required Supplementary Information – Pension Liability
Year ended June 30, 2015

Changes of benefit terms:

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3 percent per year measured from the member's first unreduced retirement age to a 6 percent reduction for each year of retirement before age 65.

In 2008, legislative action transferred four groups – emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

Changes of assumptions:

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25 percent to 3.00 percent
- Decreased the assumed rate of interest on member accounts from 4.00 percent to 3.75 percent per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates

Calamus Wheatland Community School District
Notes to Required Supplementary Information – Pension Liability
Year ended June 30, 2015

- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation to the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate.

The 2006 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted salary increase assumptions to service based assumptions.
- Decreased the assumed interest rate credited on employee contributions from 4.25 percent to 4.00 percent.
- Lowered the inflation assumption from 3.50 percent to 3.25 percent.
- Lowered disability rates for sheriffs and deputies and protection occupation members.

CALAMUS WHEATLAND COMMUNITY SCHOOL DISTRICT
Schedule of Funding Progress for the
Retiree Health Plan
(In Thousands)

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	\$ -	\$275,540	\$275,540	\$ -	\$3,100,000	8.9%
2011	July 1, 2009	-	275,450	275,450	-	3,091,090	8.9%
2012	July 1, 2009	-	275,450	275,450	-	3,010,411	9.1%
2013	July 1, 2012	-	293,512	293,512	-	3,005,725	9.8%
2014	July 1, 2012	-	283,536	283,536	-	3,115,078	9.1%
2015	July 1, 2012	-	283,536	283,536	-	3,082,470	9.2%

See Note 12 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

Supplementary Information

CALAMUS WHEATLAND COMMUNITY SCHOOL DISTRICT
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2015

Schedule 1

	<u>Special Revenue</u>		<u>Capital Projects Physical Plant and Equipment</u>	
	<u>Student Activity</u>	<u>Management Levy</u>	<u>Levy</u>	<u>Total</u>
Assets				
Cash, cash equivalents and pooled investments	\$59,146	\$242,213	\$178,011	\$479,370
Receivables				
Property tax				
Delinquent	-	2,552	1,602	4,154
Succeeding year	-	199,999	161,327	361,326
Accounts receivable	106	-	-	106
Total assets	<u>\$59,252</u>	<u>\$444,764</u>	<u>\$340,940</u>	<u>\$844,956</u>
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ -	\$ -	\$ 751	\$ 751
Deferred inflows of resources				
Unavailable revenue				
Succeeding year property tax	-	199,999	161,327	361,326
Fund balances				
Restricted for				
Student activities	59,252	-	-	59,252
Management levy purposes	-	244,765	-	244,765
Physical plant and equipment	-	-	178,862	178,862
Total fund balances	<u>59,252</u>	<u>244,765</u>	<u>178,862</u>	<u>482,879</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$59,252</u>	<u>\$444,764</u>	<u>\$340,940</u>	<u>\$844,956</u>

See accompanying Independent Auditor's Report.

CALAMUS WHEATLAND COMMUNITY SCHOOL DISTRICT
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2015

Schedule 2

	<u>Special Revenue</u>		<u>Capital Projects</u>		
	<u>Student Activity</u>	<u>Management Levy</u>	<u>Physical Plant and Equipment Levy</u>	<u>Debt Levy</u>	<u>Total</u>
Revenues					
Local sources					
Local taxes	\$ -	\$ 250,627	\$157,267	\$ -	\$ 407,894
Other	104,835	5,822	223	-	110,880
Total revenues	104,835	256,449	157,490	-	518,774
Expenditures					
Current					
Instruction					
Regular	-	27,562	-	-	27,562
Other	89,403	-	-	-	89,403
Total instruction	89,403	27,562	-	-	116,965
Support services					
Student	-	653	-	-	653
Instructional staff	-	218	-	-	218
Administration	-	654	6,499	-	7,153
Operation & maintenance of plant	-	61,900	12,866	-	74,766
Transportation	-	18,302	-	-	18,302
Total support services	-	81,727	19,365	-	101,092
Non-instructional programs	-	6,726	7,997	-	14,723
Other expenditures					
Facilities acquisition	-	-	3,024	-	3,024
Long-term debt					
Principal	-	-	-	100,406	100,406
Interest and fiscal charges	-	-	-	679	679
Total other expenditures	-	-	3,024	101,085	104,109
Total expenditures	89,403	116,015	30,386	101,085	336,889
Excess (deficiencies) of revenues over (under) expenditures	15,432	140,434	127,104	(101,085)	181,885
Other financing sources (uses)					
Interfund operating transfers in	-	-	-	133,080	133,080
Interfund operating transfers (out)	(1,199)	-	-	-	(1,199)
Total other financing sources (uses)	(1,199)	-	-	133,080	131,881
Net change in fund balances	14,233	140,434	127,104	31,995	313,766
Fund balances, beginning of year	45,019	104,331	51,758	(31,995)	169,113
Fund balances, end of year	\$59,252	\$ 244,765	\$178,862	\$ -	\$ 482,879

See accompanying Independent Auditor's Report.

CALAMUS WHEATLAND COMMUNITY SCHOOL DISTRICT
Schedule of Changes in Special Revenue Fund, Student Activity Accounts
For the Year Ended June 30, 2015

Schedule 3

Account	Balance, Beginning of Year	Revenues	Expenditures	Balance, End of Year
Athletics	\$ 3,047	\$ 30,459	\$ 33,506	\$ -
Student insurance accounts	5,328	1,431	1,234	5,525
Annual	4,744	7,746	6,195	6,295
Key cards	2,124	473	513	2,084
Class of:				
2016	373	6,052	3,739	2,686
2017	159	1,268	-	1,427
2014	-	353	180	173
2015	2,774	972	3,746	-
Dance	159	4	-	163
FFA	1,148	16,933	9,902	8,179
Vocal	339	516	204	651
Student council	7,210	9,002	9,283	6,929
Junior high student council	703	1,690	1,864	529
Instrumental fund	308	1,015	-	1,323
Science club	305	3	57	251
School play	4,531	4,340	4,896	3,975
Special Olympics	80	-	80	-
Juice	3,648	1,593	2,395	2,846
National Honor Society	732	3	456	279
Softball	88	2,778	-	2,866
Teacher pop	745	607	406	946
FCCLA	356	412	654	114
Basketball	1,397	3	946	454
Alumni Fund	1	-	-	1
Marketing	1,050	3	-	1,053
Baseball	237	6,911	1,179	5,969
Elementary				
Student activity	1,336	2,611	2,534	1,413
Pop fund	471	744	1,017	198
Student pictures	548	1,524	138	1,934
Instrumental music	26	725	532	219
Library	983	4,537	4,773	747
Student council	69	127	173	23
Totals	<u>\$ 45,019</u>	<u>\$ 104,835</u>	<u>\$ 90,602</u>	<u>\$ 59,252</u>

See accompanying Independent Auditor's Report.

CALAMUS WHEATLAND COMMUNITY SCHOOL DISTRICT
Schedule of Revenues by Source and Expenditures by Function
All Governmental Funds
For the Last Ten Years

Schedule 4

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenues										
Local sources										
Local tax	\$1,993,037	\$2,063,710	\$2,520,835	\$2,554,619	\$2,486,374	\$2,436,142	\$2,393,509	\$2,288,693	\$2,321,272	\$2,117,886
Tuition	437,549	494,964	470,669	459,637	501,914	464,019	367,860	351,627	314,521	317,218
Other	176,239	171,267	145,942	175,724	251,959	196,917	158,869	182,667	170,139	341,488
Intermediate sources	-	-	-	98	4,027	-	1,469	6,093	5,136	-
State sources	3,010,309	3,082,520	2,408,970	2,600,386	2,463,503	2,181,054	2,717,461	2,593,318	2,344,727	2,273,228
Federal sources	154,757	133,833	148,190	185,767	280,213	429,183	231,259	160,313	174,196	155,574
Total revenues	\$5,771,891	\$5,946,294	\$5,694,606	\$5,976,231	\$5,987,990	\$5,707,315	\$5,870,427	\$5,582,711	\$5,329,991	\$5,205,394
Expenditures										
Current										
Instruction										
Regular	\$2,240,165	\$2,305,851	\$2,261,419	\$2,573,180	\$2,121,544	\$2,095,219	\$2,080,180	\$2,065,631	\$1,973,204	\$1,978,516
Special	650,651	652,055	686,004	563,952	598,209	632,559	673,471	655,256	573,403	576,385
Other	631,376	623,637	622,732	690,528	643,405	617,203	472,922	447,271	430,137	247,369
Support services										
Student	166,679	156,282	159,856	149,415	141,116	133,655	125,224	121,800	108,825	106,530
Instructional staff	207,871	197,031	150,998	204,238	291,526	289,700	142,840	150,595	107,102	126,750
Administration	440,242	439,915	424,089	397,747	522,772	502,288	493,789	474,708	476,032	429,509
Operation and maintenance of plant	456,242	465,256	445,894	422,666	415,393	396,594	409,511	406,557	378,663	375,712
Transportation	259,186	403,442	267,192	291,115	223,694	331,411	295,378	341,427	246,477	237,834
Other support	-	-	-	-	-	1,314	-	1,626	-	-
Non-instructional programs	14,723	12,341	6,565	6,887	6,949	6,545	6,537	6,309	4,706	583
Other expenditures										
Facilities acquisition	494,966	77,632	77,403	131,563	292,571	119,650	63,341	58,854	169,326	167,412
Long-term debt										
Principal	100,406	419,509	413,619	403,825	300,000	435,669	2,116,331	519,738	1,299,812	483,450
Interest and other charges	679	11,176	20,728	28,147	32,788	41,135	99,766	108,156	119,423	135,722
AEA flowthrough	185,516	185,426	177,545	179,563	198,631	197,554	186,943	179,678	166,149	154,375
Total expenditures	\$5,848,702	\$5,949,553	\$5,714,044	\$6,042,826	\$5,788,598	\$5,800,496	\$7,166,233	\$5,537,606	\$6,053,259	\$5,020,147

See accompanying Independent Auditor's Report.

Kay L. Chapman, CPA PC

116 Harrison Street
Muscatine, Iowa 52761
563-264-1385
kchapman@cpakay.com

Independent Auditor's Report on Internal Control
over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Board of Education of
Calamus Wheatland Community School District:

I have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Calamus Wheatland Community School District as of and for the year ended June 30, 2015, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements, and have issued my report thereon dated February 18, 2016

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Calamus Wheatland Community School District's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Calamus Wheatland Community School District's internal control. Accordingly, I do not express an opinion on the effectiveness of Calamus Wheatland Community School District's internal control.

My consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, I identified deficiencies in internal control I consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. I

consider the deficiency described in Part I of the accompanying Schedule of Findings as item A to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Calamus Wheatland Community School District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, I noted certain immaterial instances of non-compliance or other matters which are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2015 are based exclusively on knowledge obtained from procedures performed during my audit of the financial statements of the District. Since my audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Calamus Wheatland Community School District's Responses to the Findings

Calamus Wheatland Community School District's responses to the findings identified in my audit are described in the accompanying Schedule of Findings. Calamus Wheatland Community School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

I would like to acknowledge the many courtesies and assistance extended to me by personnel of Calamus Wheatland Community School District during the course of my audit. Should you have any questions concerning any of the about matters, I shall be pleased to discuss them with you at your convenience.



Kay L. Chapman, CPA PC
February 18, 2016

CALAMUS WHEATLAND COMMUNITY SCHOOL DISTRICT
Schedule of Findings
For the Year Ended June 30, 2015

Part I. Findings Related to the Financial Statements

INTERNAL CONTROL DEFICIENCIES

- A. Segregation of Duties - One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. The cash receipts and disbursements, bank deposits and bank account reconciliations were all handled by the same person.

Recommendation - I realize that with a limited number of office employees, segregation of duties is difficult. However, the District should review its operating procedures to obtain the maximum internal control possible under the circumstances.

Response - We will review our procedures and implement changes to improve internal control, as we deem necessary.

Conclusion - Response accepted.

INSTANCES OF NON-COMPLIANCE

No matters were noted.

Part II. Other Findings Related to Required Statutory Reporting

1. Certified Budget - Expenditures for the year ended June 30, 2015 did not exceed the amounts budgeted.
2. Questionable Expenditures - No expenditures I believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979, were noted.
3. Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
4. Business Transactions - Business transactions between the District and District officials are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Ryan Vander Heiden, board member part owner of RPJ Enterprises	Bus maintenance & repairs	\$13,965

CALAMUS WHEATLAND COMMUNITY SCHOOL DISTRICT
Schedule of Findings
For the Year Ended June 30, 2015

The transactions with Board Member Vander Heiden's business appears to represent a conflict of interest since it was more than \$2,500, as allowed by Chapter 279.7A of the Code of Iowa.

Recommendation - The District should consult legal counsel to determine the disposition of this matter.

Response - We try to support our local businesses, when possible. RPJ Enterprises is one of only two businesses within the District that provide the needed services. Therefore, we chose to conduct business with RPJ Enterprises instead of going outside the district for these services. We will review the situation.

Conclusion - Response accepted.

5. Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.
6. Board Minutes - I noted no transactions requiring Board approval which had not been approved by the Board.
7. Certified Enrollment - No variances in the basic enrollment data certified to the Iowa Department of Education were noted.
8. Supplementary Weighting - No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
9. Deposits and Investments - No instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.
10. Certified Annual Reports - The Certified Annual Report was certified timely to the Iowa Department of Education.
11. Categorical Funding - No instances were noted of categorical funding being used to supplant rather than supplement other funds.
12. Statewide Sales, Services and Use Tax - No instances of noncompliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report

CALAMUS WHEATLAND COMMUNITY SCHOOL DISTRICT
Schedule of Findings
For the Year Ended June 30, 2015

(CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2015, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$ 524,495
Revenues		
Statewide sales and services tax revenue	\$ 435,811	
Other local revenues	<u>1,362</u>	437,173
Expenditures/transfers out		
School infrastructure		
School infrastructure construction	\$ 491,942	
Equipment	65,074	
Debt service for school infrastructure		
General obligation debt	<u>133,080</u>	<u>690,096</u>
Ending balance		<u>\$ 271,572</u>

The statewide sales, services and use tax revenue during the year ended June 30, 2015 was not used to reduce debt.

13. Deficit Net Position - The District had deficits in the following at June 30, 2015:
 Unrestricted net position, School Nutrition Fund and Business Type Activities \$33,422
 Total net position, School Nutrition Fund and Business Type Activities \$13,604
 Unrestricted net position, Governmental Type Activities \$1,398,777

Recommendation - The District should continue to monitor these funds and investigate alternatives to eliminate these deficits in order to return the funds to a sound financial condition.

Response - These deficits were a result of implementing GASB Statement No. 68 during the year ended June 30, 2015. We will review the situation and implement changes, as needed.

Conclusion - Response accepted.

CALAMUS WHEATLAND COMMUNITY SCHOOL DISTRICT
Audit Staff
June 30, 2015

This audit was performed by

Kay Chapman, CPA
Terri Slater, staff accountant